ANNUAL BUDGET OF

NALEDI LOCAL MUNICIPALITY

NW392

2016/17 TO 2018/19

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Refer to Annexure C

1.2 Council Resolutions

On 31 May 2016 the Council of Naledi Local Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. That the final Operating and Capital Budget for the MTREF 2016/17 to 2018/19 is hereby tabled by the Mayor to Council in terms of section 16(2) of the Municipal Finance Management Act, 56 of 2003.

2. That the draft Operating and Capital Budget for the MTREF 2016/17 to 2018/19 was taken for public participation to all wards; Committee Members and Councillors within Naledi Local Municipality representing communities in their respective Wards and that public was invited to make representations in connection with the budget in terms of sections 22 and 23 of the Municipal Finance Management Act, 56 of 2003.

3. That in terms of section 17(3) of the Municipal Finance Management Act, 56 of 2003, the following draft resolution for the final adoption of the annual Operating and Capital Budget for the MTREF 2016/17 to 2018/19is hereby noted.

4. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Naledi Local Municipality for the financial year 2016/17; and indicative allocations for the two projected outer years 2017/18 and 2018/19; and the multi-year and single year capital appropriations are approved as set-out in the following tables:

    4.1 Budgeted Financial Performance (revenue and expenditure by standard classification);

    4.2 Budgeted Financial Performance (revenue and expenditure by municipal vote);

    4.3 Budgeted Financial Performance (revenue by source and expenditure by type); and

    4.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

5. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

   5.1 Budgeted Financial Position;

   5.2 Budgeted Cash Flows;

   5.3 Cash backed reserves and accumulated surplus reconciliation;

   5.4 Asset management; and

   5.5 Basic service delivery measurement.

6. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in annexures D that were used to prepare the estimates of revenue by source, are approved with effect from 01 July 2016.

7. That 2016 / 2017 tariffs be increased as follows:-

7.1	Rates: Residential, Business, Individual and Agricultural	6.60%
7.2.	Rates: Government	59.9%
7.3	Water	6.60 %
7.4	Electricity	9.40 %
7.5	Refuse Removal	6.60 %
7.6	Sewerage	6.60 %
7.7	Other Services	6.60 %

8. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or the amendments to the rates policy) is approved.

9. That provision has been made for 7.60% increase in the salaries and wages of employees in terms of SALGA circular 17/2015 of 04 May 2015, while the negotiations are still underway.

10. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.

11. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget Chapter 17 are approved.

12. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapter 4 are approved for the budget year 2016/17.

    12.1. Property Rates Policy

    12.2 Credit Control and Debt Management Policy

    12.3. Indigent Policy

    12.4. Tariff Policy

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Vaalharts Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/17MTREF:

- The 2015/16 Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16MTREF

R Thousand	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Total Operating Revenue	387,252,437	414,485,648	393,610,022	415,262,742
Total Operating Expenditure	403,418,129	404,097,796	393,258,273	410,555,579
Surplus/(Deficit) for the year	-16,165,692	10,387,852	351,749	4,707,163
Total Capital Expenditure	40,913,000	56,288,000	26,289,000	26,051,000

Total operating revenue has grown by 6.6 per cent or R27, 2 million for the 2016/17financial year when compared to the 2015/16 Budget. For the two outer years, operational revenue will increase by 1.6 and increased by 6.8 per cent respectively over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R404, 1 million and translates into a budgeted surplus of R10, 4 million. The surplus of R10, 4 million includes non-cash items for depreciation of R49, 4 million and debt impairment of R20, 7 million. When compared to the 2015/16 Budget, operational expenditure has increased by 0.2 per cent in the 2016/17 budget and decreased by 2.6 and increased by 1.7 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R352 thousand and increased to R4, 7 million which includes non-cash items for depreciation and debt impairment of R65,2 and R66,2 million.

The capital budget of R56.3 million for 2016/17 is 26.6 per cent more when compared to the 2015/16 Budget of R41, 3 million. The capital programme decreases to R26.3 million in the 2017/18 financial year and increases in 2018/19 to R26, 1 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Conditional grants will contribute 100 per cent of capital expenditure in each of the MTREF years.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Electricity Municipality tariff increases as approved by the National Electricity Municipality Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/17MTREF (classified by main revenue source):

Table 2Summary of revenue classified by main revenue source

NW392 Naledi (Nw) - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	27 872	29 587	34 342	41 249	41 249	41 249	41 249	45 195	47 997	50 828
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	77 554	83 529	97 549	148 847	148 847	148 847	148 847	141 493	150 266	159 132
Service charges - water revenue	2	21 733	22 480	13 707	20 910	20 910	20 910	20 910	30 356	32 238	34 140
Service charges - sanitation revenue	2	14 049	13 969	14 439	14 919	14 919	14 919	14 919	18 480	19 626	20 784
Service charges - refuse revenue	2	13 987	13 670	14 258	14 471	14 471	14 471	14 471	17 128	18 190	19 263
Service charges - other											
Rental of facilities and equipment		1 065	1 116	738	1 098	1 098	1 098	1 098	944	1 003	1 062
Interest earned - external investments		593	575	235	200	200	200	200	308	327	346
Interest earned - outstanding debtors		9 998	11 406	13 504	15 000	15 000	15 000	15 000	16 200	17 204	18 219
Dividends received											
Fines		403	1 855	1 481	2 501	2 501	2 501	2 501	933	991	1 049
Licences and permits		5 478	5 872	6 935	6 420	6 420	6 420	6 420	5 978	6 349	6 723
Agency services		–	–	–	–	–	–	–			
Transfers recognised - operational		59 147	55 907	63 628	66 554	66 554	66 554	66 554	67 240	68 944	73 230
Other revenue	2	4 410	41 697	5 226	4 040	4 040	4 040	4 040	3 942	4 187	4 434
Gains on disposal of PPE		4 960	–	2 276	10 000	10 000	10 000	10 000	10 000		
Total Revenue (excluding capital transfers and contributions)		**241 251**	**281 662**	**268 317**	**346 208**	**346 208**	**346 208**	**346 208**	**358 198**	**367 321**	**389 212**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from services charges totalled R199, 1 million. This increases to R207, 5 million, R220, 3 million and R233, 3 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.
Property rates is the second largest revenue source totalling 12.6 per cent or R41, 2 million rand and increases to R45, 2 million by 2016/17. The third largest sources is interest on outstanding debtors with R16,2 million and the fourth largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees.

Operating grants and transfers from National and Provincial government totals R66, 5 million in the 2015/16 financial year and steadily increases to R67, 2 million by 2016/17.Operating grants and transfers from Dr Ruth Sekgomotsi District Municipality totals R22 million in the 2015/16financial year and steadily remain the same as R22 million by 2016/17. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NW392 Naledi (Nw) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**36 396**	**38 051**	**41 079**	**44 024**	**44 024**	**44 024**	**44 710**	**45 050**	**47 958**
Local Government Equitable Share		33 235	34 611	36 699	39 618	39 618	39 618	41 201	43 350	46 003
Finance Management		846	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 955
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive		1 515	1 000	1 846	1 876	1 876	1 876	1 884		
Other transfers/grants [insert description]										
Provincial Government:		**460**	**530**	**–**	**530**	**530**	**530**	**530**	**530**	**530**
Sport and Recreation		460	530		530	530	530	530	530	530
Other transfers/grants [insert description]										
District Municipality:		**28 013**	**17 269**	**19 168**	**22 000**	**22 000**	**22 000**	**22 000**	**23 364**	**24 742**
Dr Ruth Sekgomotsi		28 013	17 269	19 168	22 000	22 000	22 000	22 000	23 364	24 742
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Operating Transfers and Grants	5	**64 869**	**55 850**	**60 247**	**66 554**	**66 554**	**66 554**	**67 240**	**68 944**	**73 230**
Capital Transfers and Grants										
National Government:		**22 269**	**35 392**	**50 965**	**36 544**	**49 300**	**65 844**	**51 788**	**26 289**	**26 051**
Municipal Infrastructure Grant (MIG)		14 271	22 379	30 051	16 544	29 300	45 844	16 204	17 289	18 051
Integrated National Electrification Programme		7 998	13 013	8 000				18 000	9 000	8 000
Department of Energy Grant (SANEDI) for Smart Meters				12 914	5 000	5 000	5 000			
MIG Roll Over anticipated					15 000	15 000	15 000	17 584		
Provincial Government:		**–**	**–**	**700**	**–**	**–**	**–**	**–**	**–**	**–**
Sport and Recreation				700						
District Municipality:		**–**	**–**	**–**	**4 500**	**4 500**	**4 500**	**4 500**	**–**	**–**
Dr Ruth Sekgomotsi					4 500	4 500	4 500	4 500		
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Capital Transfers and Grants	5	**22 269**	**35 392**	**51 665**	**41 044**	**53 800**	**70 344**	**56 288**	**26 289**	**26 051**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**87 138**	**91 242**	**111 911**	**107 598**	**120 354**	**136 898**	**123 528**	**95 233**	**99 281**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.6 per cent upper boundary of the South African Reserve Bank's inflation target. The municipality increased the property rates tariff by 59.9 % for government property while others property rates for households, business, industrial and agricultural increased by 6.6 % and increased other tariffs charges with 6.2% except for electricity which was increased by 9.40 % as per NERSA guidelines. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom tariffs are far beyond the mentioned inflation target. Given that the tariff increases are determined by external agencies, the impact they have on the municipality's electricity and the tariff is largely outside the control of the Municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16financial year based on a 59.9 % for government property while others property rates for households, business, industrial and agricultural increased by 6.6 % increase from 1 July 2016 is contained below:

Table 4 Comparison of proposed rates to levied for the 2015/16financial year

Category	Current Tariff (1 July 2015)	Proposed tariff (from 1 July 2016)
	c	C
Residential	0.00635	0.00677
Businesses	0.01269	0.01353
Industrial	0.01269	0.01353
Agricultural	0.00158	0.00169
Agricultural : Businesses	0.00318	0.00339
Government	0.01905	0.03046

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6.6 per cent from 1 July 2016 for water is proposed. In addition 6 kℓ water per 30-day period will again be granted free of charge to the registered indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2015/16	PROPOSED TARIFFS 2016/17
	Rand per kℓ	Rand per kℓ
Households		
Monthly basic charge fee	R 0.00	R 0.00
Consumption per kiloliter per monthly reading/estimate (0 kl - 6 kl)	R 6.80	R 7.20
Consumption per kiloliter per monthly reading/estimate (7 kl - 15 kl)	R 9.00	R 9.60
Consumption per kiloliter per monthly reading/estimate (16 kl - 30 kl)	R 10.20	R 10.90
Consumption per kiloliter per monthly reading/estimate (31 kl - 50 kl)	R 11.80	R 12.60
Consumption per kiloliter per monthly reading/estimate (51 kl and more)	R 12.40	R 13.20
Businesses and other consumers		
Monthly availability/basic charge fee: Businesses	R 195.90	R 208.80
Monthly availability/basic charge fee: Sporting grounds	R 64.90	R 69.20
Monthly availability/basic charge fee: Agricultural Society	R 64.90	R 69.20

CATEGORY	CURRENT TARIFFS 2015/16	PROPOSED TARIFFS 2016/17
	Rand per kℓ	Rand per kℓ
Monthly availability/basic charge fee: Bulk consumers above 500 kl	R 640.10	R 682.30
Consumption per kiloliter per monthly reading/estimate: Businesses, sporting grounds and Agricultural Society	R 8.60	R 9.20
Monthly availability/basic charge fee: Motor Club	R 33.10	R 35.30
Consumption per kiloliter per monthly reading/estimate: Motor Club	R 10.10	R 10.80
Consumption per kiloliter per monthly reading/estimate: Businesses Taung & Pudimoe (No basic charge)(Connection along Pudimoe line)	R 10.60	R 11.30
Sedibeng water provision		
Consumption per kiloliter per monthly reading/estimate	R 8.40	R 9.00
Bernauw Small Holdings within municipal area		
Consumption per kiloliter per monthly reading/estimate (0 kl - 250 kl)	R 10.50	R 11.20
Consumption per kiloliter per monthly reading/estimate (251 kl - 300 kl)	R 25.30	R 27.00
Consumption per kiloliter per monthly reading/estimate (301 kl - 350 kl)	R 34.10	R 36.40
Consumption per kiloliter per monthly reading/estimate (351 kl - 400 kl)	R 43.00	R 45.80
Consumption per kiloliter per monthly reading/estimate (401 kl and more)	R 84.50	R 90.10

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure of the 2013/14financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R13.20 per kilolitre for consumption in excess of 51kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 9.40 per cent to offset the additional bulk purchase cost from 1 July 2016.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R18, 480 million for the 2016/17 financial year.

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2015/16	PROPOSED TARIFF 2016/17
	TARIFF PER kℓ	TARIFF PER kℓ
	R	R
Households for the first 4 flush units	R 185.90	R 198.20
Households for every flush unit above 4 to maximum of an additional 5 flush units	R 154.70	R 164.90
Sport clubs for the first 4 flush units	R 185.90	R 198.20
Sport clubs for every flush unit above the first 4 flush units	R 154.70	R 164.90
Church halls	R 429.60	R 458.00

CATEGORY	CURRENT TARIFF 2015/16	PROPOSED TARIFF 2016/17
	TARIFF PER kℓ	TARIFF PER kℓ
	R	R
Other premises: Per flush unit or 600mm urinal to a maximum of 50 flush units	R 185.90	R 198.20

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

1.4.5 Waste Removal and Impact of Tariff Increases

A 6.6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Any increase higher than 6.6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 7 Comparison between current waste removal fees and increases

Refuse removal fees per month (one removal per week unless otherwise indicated)	Budget year 2015/16	Budget year 2016/17
Household	R 175.90	R 187.50
Churches/Halls	R 175.90	R 187.50
Halls	R 175.90	R 187.50
Sporting clubs	R 175.90	R 187.50
Theatres	R 175.90	R 187.50
Squatters with community toilets and water (all inclusive tariff)	R 187.00	R 199.30
Guest houses / Lodges (per room to a maximum of 10 rooms)	R 66.40	R 70.80
Hotels (3 times per week)	R 1 328.90	R 1 416.60
Old age homes and care centres	R 715.70	R 762.90
Cafés, green grocers and restaurants (3 times per week)	R 952.70	R 1 015.60

Hostels	R 1 328.90	R 1 416.60
Hospitals	R 1 328.90	R 1 416.60
Schools	R 491.90	R 524.40
Shops, hardware stores and other businesses	R 554.30	R 590.90
Chain stores and super markets (3 times per week)	R 1 141.90	R 1 217.30
Banks, libraries, large offices and department offices	R 595.50	R 634.80
Garages, work shops and spare part centres	R 741.30	R 790.20
Factories	R 347.20	R 370.10
Taxi rank (3 times per week)	R 1 875.40	R 1 999.20
Offices	R 360.60	R 384.40
Franchise restaurants (3 times per week)	R 1 279.90	R 1 364.40
Tuck shops and taverns	R 285.00	R 303.80
Exhaust centres	R 748.00	R 797.40
Businesses on residential sites will be determined per type of business	To be determined	To be determined
Shoprite, Spar and Pick & Pay (7 times per week)	R 4 163.60	R 4 438.40
Special removal from businesses per load	R 450.70	R 480.40
Stella businesses	R 208.10	R 221.80
Centres will be based on number and type of businesses in centre	To be determined	To be determined
Business standing empty	R 229.30	R 244.40
Mass containers (1 m^3)(Capital Cost R 1,100)	R 388.40	R 414.00
Mass containers (8 m^3)(Capital Cost R 12,000)	R 762.40	R 812.70
Mass containers (18 m^3)(Capital Cost R 32,000)	R 1 148.60	R 1 224.40
Refuse removal per 240 liter refuse bin (2 removals per week)	R 242.60	R 258.60

Refuse removal per 240 liter refuse bin (3 removals per week)	R 319.40	R 340.50
Refuse removal per 240 liter refuse bin (7 removals per week)	R 402.90	R 429.50
Refundable deposit: All new business applications - relocations included	R 519.80	R 554.10
Penalty for the removal of municipal refuse bins (240 liter refuse bins) from any premises	R 899.30	R 958.70

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 8 MBRR Table SA14 – Household bills

NW392 Naledi (Nw) - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1 525.71	1 611.15	1 308.90	1 371.73	1 371.73	1 371.73	6.6%	1 462.26	1 552.92	1 644.54
Electricity: Basic levy		307.12	328.61	352.90	395.95	395.95	395.95	9.4%	433.17	460.03	487.17
Electricity: Consumption		6 071.43	6 411.43	6 808.94	7 639.63	7 639.63	7 639.63	9.4%	8 357.75	8 875.93	9 399.61
Water: Basic levy		–	–	–							
Water: Consumption		1 130.06	1 193.34	1 267.33	1 328.16	1 328.16	1 328.16	6.6%	1 415.82	1 503.60	1 592.31
Sanitation		385.27	406.84	432.07	452.81	452.81	452.81	6.6%	482.69	512.62	542.86
Refuse removal		148.23	156.53	166.23	174.21	174.21	174.21	6.6%	185.71	197.23	208.86
Other											
sub-total		**9 567.81**	**10 107.91**	**10 336.37**	**11 362.49**	**11 362.49**	**11 362.49**	**8.6%**	**12 337.41**	**13 102.33**	**13 875.36**
VAT on Services											
Total large household bill:		**9 567.81**	**10 107.91**	**10 336.37**	**11 362.49**	**11 362.49**	**11 362.49**	**8.6%**	**12 337.41**	**13 102.33**	**13 875.36**
% increase/-decrease			**5.6%**	**2.3%**	**9.9%**	**–**	**–**		**8.6%**	**6.2%**	**5.9%**
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		297.76	314.44	255.45	267.71	267.71	267.71	6.6%	285.38	303.07	320.96
Electricity: Basic levy		155.59	166.48	178.78	200.60	200.60	200.60	9.4%	219.45	233.06	246.81
Electricity: Consumption		791.31	835.62	887.43	995.69	995.69	995.69	9.4%	1 089.29	1 156.82	1 225.08
Water: Basic levy		–	–	–							
Water: Consumption		212.70	224.61	238.53	249.98	249.98	249.98	6.6%	266.48	283.01	299.70
Sanitation		154.35	162.99	173.10	181.41	181.41	181.41	6.6%	193.38	205.37	217.49
Refuse removal		148.23	156.53	166.23	174.21	174.21	174.21	6.6%	185.71	197.23	208.86
Other				–							
sub-total		**1 759.94**	**1 860.67**	**1 899.53**	**2 069.61**	**2 069.61**	**2 069.61**	**8.2%**	**2 239.70**	**2 378.56**	**2 518.89**
VAT on Services											
Total small household bill:		**1 759.94**	**1 860.67**	**1 899.53**	**2 069.61**	**2 069.61**	**2 069.61**	**8.2%**	**2 239.70**	**2 378.56**	**2 518.89**
% increase/-decrease			**5.7%**	**2.1%**	**9.0%**	**–**	**–**		**8.2%**	**6.2%**	**5.9%**
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		90.55	95.62	77.68	81.41	81.41	81.41	6.6%	86.78	92.16	97.60
Electricity: Basic levy		177.37	189.79	203.81	228.68	228.68	228.68	9.4%	250.17	265.68	281.36
Electricity: Consumption		362.30	382.59	406.31	455.88	455.88	455.88	9.4%	498.73	529.65	560.90
Water: Basic levy		–	–	–							
Water: Consumption		65.46	69.13	73.41	76.94	76.94	76.94	6.6%	82.01	87.10	92.24
Sanitation		158.00	166.85	177.19	185.70	185.70	185.70	6.6%	197.95	210.23	222.63
Refuse removal		149.00	157.34	167.10	175.12	175.12	175.12	6.6%	186.68	198.25	209.95
Other											
sub-total		**1 002.68**	**1 061.31**	**1 105.51**	**1 203.72**	**1 203.72**	**1 203.72**	**8.2%**	**1 302.33**	**1 383.08**	**1 464.68**
VAT on Services											
Total small household bill:		**1 002.68**	**1 061.31**	**1 105.51**	**1 203.72**	**1 203.72**	**1 203.72**	**8.2%**	**1 302.33**	**1 383.08**	**1 464.68**
% increase/-decrease			**5.8%**	**4.2%**	**8.9%**	**–**	**–**		**8.2%**	**6.2%**	**5.9%**

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 9Summary of operating expenditure by standard classification item

NW392 Naledi (Nw) - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)											
Expenditure By Type											
Employee related costs	2	90 125	118 342	140 489	148 418	148 418	148 418	148 418	160 409	170 355	180 406
Remuneration of councillors		4 682	5 856	6 288	6 454	6 454	6 454	6 454	7 202	7 649	8 100
Debt impairment	3	49 705	40 925	30 068	19 089	19 089	19 089	19 089	20 650	15 877	16 814
Depreciation & asset impairment	2	46 012	48 635	51 423	48 500	48 500	48 500	48 500	49 370	49 370	49 370
Finance charges		14 640	16 785	22 127	21 938	21 938	21 938	21 938	2	2	2
Bulk purchases	2	67 493	72 911	82 316	94 538	94 538	94 538	94 538	95 053	100 947	106 902
Other materials	8	16 702	12 834	8 187	25 968	25 968	25 968	25 968	31 934	23 973	22 483
Contracted services		30 035	16 692	12 476	14 680	14 680	14 680	14 680	16 619	2 506	2 654
Transfers and grants		1 688	599	7 764	1 120	1 120	1 120	1 120	1 107	771	787
Other expenditure	4, 5	26 911	28 736	26 973	22 713	22 713	22 713	22 713	21 752	21 810	23 038
Loss on disposal of PPE		930	9 565	298 350							
Total Expenditure		**348 923**	**371 880**	**686 461**	**403 418**	**403 418**	**403 418**	**403 418**	**404 098**	**393 258**	**410 556**

The budgeted allocation for employee related costs for the 2016/17 financial year totals R160,4 million, which equals 39.7 per cent of the total operating expenditure. Provision has been made for 7.6 % increase in the salaries and wages of employees in terms of SALGA circular 17/2015 of 4 May 2015, while the salary negotiations are still underway the 2016/17 financial year. An annual increase of 7.2 and 5.9 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment for the 2016/17 financial year this amount equates to R19,1 million and increase to R20,6 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R49,3 million for the 2016/17 financial and equates to 12,2 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.0004 per cent (R2 thousand) of operating expenditure excluding annual redemption for 2016/17.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Vaalharts Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

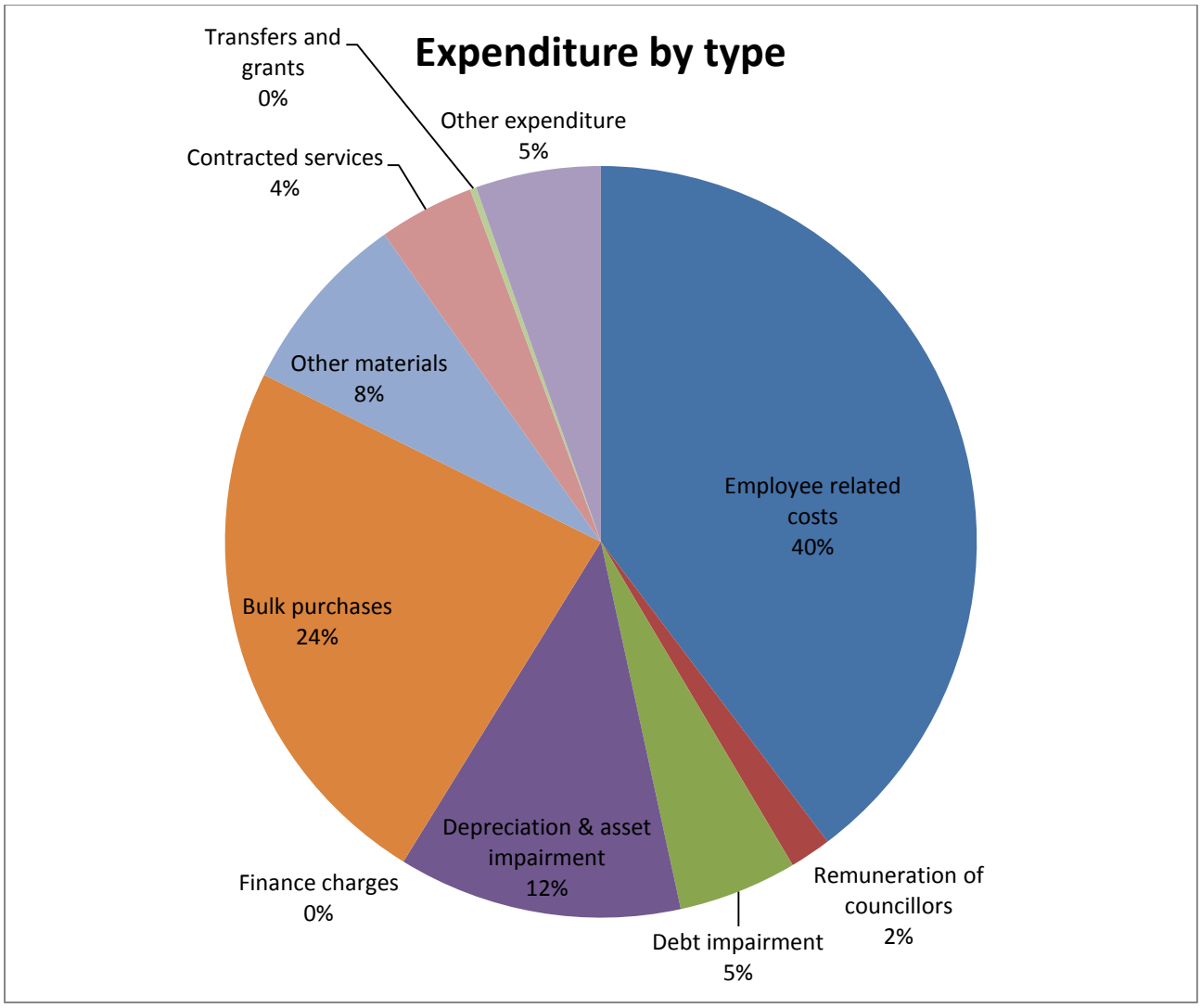
Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure has grown by 18.7 per cent (R39,7 million).

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R16,6 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in MBRR SA1.

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.

Figure 1 Main operational expenditure categories for the 2016/17financial year



1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10Operational repairs and maintenance

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials		16 702	12 834	8 187	25 968	25 968	25 968	25 968	31 934	23 973	22 483
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	16 702	12 834	8 187	25 968	25 968	25 968	25 968	31 934	23 973	22 483

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 18.7 per cent in the 2016/17financial year, from R25,9 million to R31,9 million. In relation to the total operating expenditure, repairs and maintenance comprises of 7.9 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

NW392 Naledi (Nw) - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	8 376	6 578	24 354	24 354	24 354	31 067	23 053	21 508
Infrastructure - Road transport		–	7 542	4 856	13 000	13 000	13 000	24 657	21 617	20 047
Roads, Pavements & Bridges			7 542	4 856	13 000	13 000	13 000	24 657	21 617	20 047
Storm water										
Infrastructure - Electricity		–	273	1 340	4 000	4 000	4 000	4 000	1 000	1 000
Generation			273	1 340	4 000	4 000	4 000	4 000	1 000	1 000
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	511	359	7 079	7 079	7 079	350	372	394
Dams & Reservoirs			511	359	7 079	7 079	7 079	350	372	394
Water purification										
Reticulation										
Infrastructure - Sanitation		–	47	19	275	275	275	2 000	–	–
Reticulation										
Sewerage purification			47	19	275	275	275	2 000	–	–
Infrastructure - Other		–	3	3	1	1	1	60	64	67
Waste Management			3	3	1	1	1	60	64	67
Transportation	2									
Gas										
Other	3									
Community		–	27	8	108	108	108	93	99	105
Parks & gardens										
Sportsfields & stadia				5				18	19	20
Swimming pools										
Community halls			10		45	45	45	25	27	28
Libraries										
Recreational facilities			8							
Fire, safety & emergency								50	53	56
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries			1							
Cemeteries										
Social rental housing	8									
Other			7	3	63	63	63			
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		16 702	4 431	1 600	1 506	1 506	1 506	774	821	870
General vehicles			1 174	1 275	1 342	1 342	1 342	651	691	732
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment			206	80	44	44	44	61	65	69
Computers - hardware/equipment										
Furniture and other office equipment			79	68	13	13	13	37	39	41
Abattoirs										
Markets										
Civic Land and Buildings				98	107	107	107	25	27	28
Other Buildings										
Other Land			342	59						
Surplus Assets - (Investment or Inventory)										
Other		16 702	2 630	20						
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	16 702	12 834	8 187	25 968	25 968	25 968	31 934	23 973	22 483

For the 2016/17 financial year, R31, 1million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 6 500 or more indigent households during the 2016/17financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and also the grant from Dr Ruth Sekgomotsi District Municipality for R12 million.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2016/17 Medium-term capital budget per vote

NW392 Naledi (Nw) - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard											
Governance and administration		3 770	2 185	899	4 950	4 950	4 950	4 950	4 500	–	–
Executive and council		377	171	301							
Budget and treasury office		1 211	1 282	8	100	100	100	100			
Corporate services		2 182	731	590	4 850	4 850	4 850	4 850	4 500		
Community and public safety		699	2 498	14 184	4 950	4 950	4 950	4 950	10 550	9 977	1 523
Community and social services		149	302	105	4 950	4 950	4 950	4 950	4 930	5 500	
Sport and recreation		265	2 168	13 368					5 620	4 477	1 523
Public safety		282	25	710							
Housing		2	3								
Health											
Economic and environmental services		14 037	24 484	41 292	10 663	10 663	10 663	10 663	19 988	7 312	8 828
Planning and development		27									
Road transport		14 010	24 484	41 292	10 663	10 663	10 663	10 663	19 988	7 312	8 828
Environmental protection											
Trading services		8 682	27 752	34 857	20 800	20 800	20 800	20 800	21 250	9 000	15 700
Electricity		3 638	25 758	34 779	20 000	20 000	20 000	20 000	21 000	9 000	8 000
Water		355	952	69							
Waste water management		43	775	7							
Waste management		4 647	266	1	800	800	800	800	250		7 700
Other											
Total Capital Expenditure - Standard	3	27 188	56 918	91 231	41 363	41 363	41 363	41 363	56 288	26 289	26 051
Funded by:											
National Government		17 319	25 414	54 244	36 413	36 413	36 413	36 413	51 788	26 289	26 051
Provincial Government											
District Municipality			15 326	12 096	4 500	4 500	4 500	4 500	4 500		
Other transfers and grants											
Transfers recognised - capital	4	17 319	40 740	66 340	40 913	40 913	40 913	40 913	56 288	26 289	26 051
Public contributions & donations	5		8 216	18 512							
Borrowing	6										
Internally generated funds		9 869	7 963	6 379	450	450	450	450			
Total Capital Funding	7	27 188	56 918	91 231	41 363	41 363	41 363	41 363	56 288	26 289	26 051

For 2016/17 an amount of R41,2 million has been appropriated for the development of infrastructure which represents 73.3 per cent of the total capital budget. In the outer years this amount totals R16,3 million, 62.04 per cent and R24,5 million, 94.2 per cent respectively for each of the financial years. Electricity infrastructure receives the highest allocation of R21 million in 2016/17 which equates to 37,4 per cent followed by roads 35.4 per cent, R19,9 million.

Total new assets represent 50.7 per cent or R28,5 million of the total capital budget while asset renewal equates to 49.3 per cent or R27,7 million. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

The projects to be undertaken over the medium-term include:

		Draft budget 2016/17 R '000	Indicative budget 2017/18 R '000	Indicative budget 2018/19 R '000
Electrification of 500 houses Ext 25 Phase3	INEP	-	3 625	3 625
Electrification of 1000 houses Ext 28	INEP	11 000	3 494	-
Electrification of 500 houses Ext 28	INEP	-	-	-
Electrification of 800 houses at Rekgarathile - Stella	INEP	-	-	2 375
New Control Room for Vryburg Munic Substation	INEP	4 000	-	-
Colridge Electrical Bulk line	INEP	-	881	2 000
Stella Substation	INEP	-	1 000	-
Bulk Electrical Supply to X25 (New Substation) Ph2	INEP	3 000	-	-
Stella New Landfill Site	MIG	250	-	7 700
Rekgaratlhile Community Hall	MIG	2 800	-	-
Upgrading of Kismet Hall	MIG	2 130	-	-
Upgrading of Access Roads in Greater Naledi (4 street in Colridge and 2 in Huhudi)	MIG	8 800	-	-
Paved Roads: Ext. 25 Phase I	MIG	688	7 312	-
Pule Secondary School Access Roads - Keitebetse, Pitso and Makgobi Streets	MIG	3 500	-	-
Paved Roads: Rekgarathile - Stella	MIG	7 000	-	-
Huhudi Swimming Pool	MIG	2 820	-	-
Colridge Swimming Pool	MIG	2 800	-	-
Vryburg Ext 28 - Street Lights	MIG	3 000	-	-
Dithakwaneng Sport Facility	MiG	-	4 477	1 523
Huhudi Taxi Route: Phase 1	MIG	-	-	8 828
Community Hall: Ext. 25	MIG	-	5 500	-
Stella Satelite Office	District	4 500	-	-
Sundry machinery and equipment	Internal Funds	-	-	-
TOTAL EXPENDITURE		**56 288**	**26 289**	**26 051**

The following graph provides a breakdown of the capital budget for 2016/17 per vote.

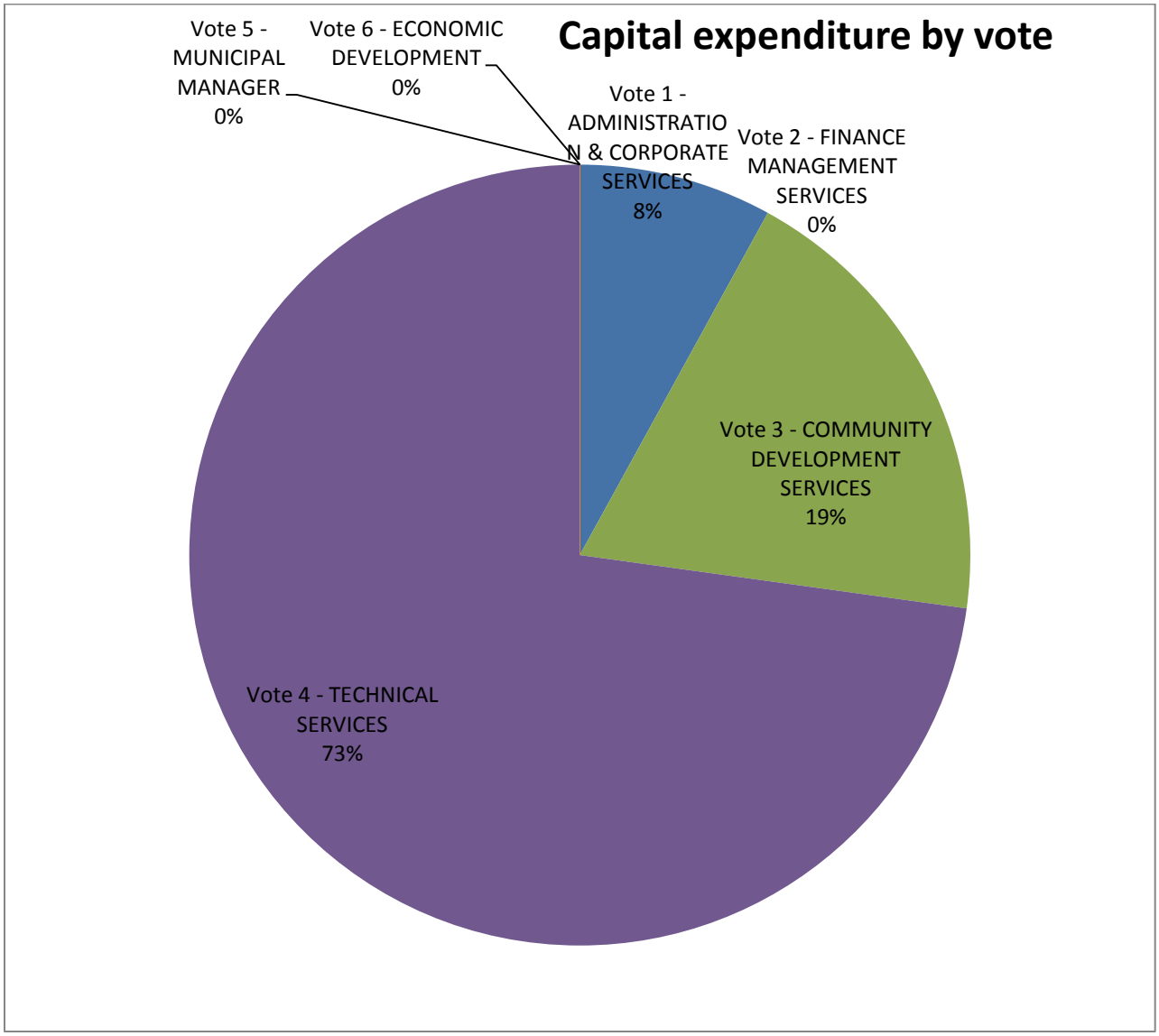

Capital expenditure by vote
Vote 5 - MUNICIPAL MANAGER 0%
Vote 6 - ECONOMIC DEVELOPMENT 0%
Vote 1 - ADMINISTRATION & CORPORATE SERVICES 8%
Vote 2 - FINANCE MANAGEMENT SERVICES 0%
Vote 3 - COMMUNITY DEVELOPMENT SERVICES 19%
Vote 4 - TECHNICAL SERVICES 73%

Figure 2 Capital Budget per Vote

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

NW392 Naledi (Nw) - Table A1 Consolidated Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	**27 872**	29 587	34 342	41 249	41 249	41 249	41 249	45 195	47 997	50 828
Service charges	127 324	133 648	139 953	199 147	199 147	199 147	199 147	207 458	220 320	233 319
Investment revenue	593	575	235	200	200	200	200	308	327	346
Transfers recognised - operational	59 147	55 907	63 628	66 554	66 554	66 554	66 554	67 240	68 944	73 230
Other own revenue	26 314	61 946	30 159	39 059	39 059	39 059	39 059	37 998	29 733	31 488
Total Revenue (excluding capital transfers and contributions)	241 251	281 662	268 317	346 208	346 208	346 208	346 208	358 198	367 321	389 212
Employee costs	90 125	118 342	140 489	148 418	148 418	148 418	148 418	160 409	170 355	180 406
Remuneration of councillors	4 682	5 856	6 288	6 454	6 454	6 454	6 454	7 202	7 649	8 100
Depreciation & asset impairment	46 012	48 635	51 423	48 500	48 500	48 500	48 500	49 370	49 370	49 370
Finance charges	14 640	16 785	22 127	21 938	21 938	21 938	21 938	2	2	2
Materials and bulk purchases	84 195	85 745	90 503	120 505	120 505	120 505	120 505	126 987	124 919	129 385
Transfers and grants	1 688	599	7 764	1 120	1 120	1 120	1 120	1 107	771	787
Other expenditure	107 581	95 918	367 868	56 483	56 483	56 483	56 483	59 020	40 193	42 506
Total Expenditure	348 923	371 880	686 461	403 418	403 418	403 418	403 418	404 098	393 258	410 556
Surplus/(Deficit)	(107 672)	(90 217)	(418 144)	(57 210)	(57 210)	(57 210)	(57 210)	(45 900)	(25 937)	(21 344)
Transfers recognised - capital	23 256	26 007	64 508	41 044	41 044	41 044	41 044	56 288	26 289	26 051
Contributions recognised - capital & contributed a	–	21 324	29 908	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(84 416)	(42 886)	(323 728)	(16 166)	(16 166)	(16 166)	(16 166)	10 388	352	4 707
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(84 416)	(42 886)	(323 728)	(16 166)	(16 166)	(16 166)	(16 166)	10 388	352	4 707
Capital expenditure & funds sources										
Capital expenditure	**27 188**	56 918	91 231	41 363	41 363	41 363	41 363	56 288	26 289	26 051
Transfers recognised - capital	**17 319**	40 740	66 340	40 913	40 913	40 913	40 913	56 288	26 289	26 051
Public contributions & donations	**–**	8 216	18 512	–	–	–	–	–	–	–
Borrowing	**–**	–	–	–	–	–	–	–	–	–
Internally generated funds	**9 869**	7 963	6 379	450	450	450	450	–	–	–
Total sources of capital funds	**27 188**	56 918	91 231	41 363	41 363	41 363	41 363	56 288	26 289	26 051
Financial position										
Total current assets	**50 092**	50 812	55 913	75 240	75 240	75 240	75 240	94 265	100 109	106 015
Total non current assets	**984 672**	990 626	739 381	970 085	970 085	970 085	970 085	739 162	716 081	692 762
Total current liabilities	**227 580**	302 573	371 150	163 553	163 553	163 553	163 553	446 003	473 655	501 601
Total non current liabilities	**103 760**	76 278	86 057	115 593	115 593	115 593	115 593	122 962	130 586	138 290
Community wealth/Equity	**703 424**	662 587	338 088	766 180	766 180	766 180	766 180	264 462	211 949	158 886
Cash flows										
Net cash from (used) operating	**21 411**	29 262	58 092	(22 239)	(22 239)	(22 239)	(20 673)	34 760	23 479	21 511
Net cash from (used) investing	**(24 610)**	(33 882)	(57 535)	29 251	29 251	29 251	23 390	(30 488)	(19 122)	(17 477)
Net cash from (used) financing	**–**	–	(731)	(4 386)	(4 386)	(4 386)	(600)	(3 600)	(3 600)	(3 600)
Cash/cash equivalents at the year end	**6 079**	1 459	1 285	3 957	3 957	3 957	3 402	1 957	2 714	3 148
Cash backing/surplus reconciliation										
Cash and investments available	**6 079**	1 459	1 285	13 753	13 753	13 753	13 753	10 671	11 333	12 002
Application of cash and investments	**157 598**	226 470	294 963	78 325	78 325	78 325	102 331	336 205	355 302	376 370
Balance - surplus (shortfall)	**(151 519)**	(225 011)	(293 678)	(64 572)	(64 572)	(64 572)	(88 578)	(325 534)	(343 969)	(364 369)
Asset management										
Asset register summary (WDV)	**983 953**	989 903	738 662	969 366	969 366	969 366	739 162	739 162	716 081	692 762
Depreciation & asset impairment	**46 012**	48 635	51 423	48 500	48 500	48 500	49 370	49 370	49 370	49 370
Renewal of Existing Assets	**12 594**	25 478	55 219	14 663	14 663	14 663	14 663	27 738	7 312	8 828
Repairs and Maintenance	**16 702**	12 834	8 187	25 968	25 968	25 968	31 934	31 934	23 973	22 483
Free services										
Cost of Free Basic Services provided	**–**	–	–	18 109	18 109	18 109	17 579	17 579	18 669	19 788
Revenue cost of free services provided	**20**	20	20	20	20	20	20	20	20	20
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	9	9	9	9	9	9	9	9	9	9
Refuse:	1	1	1	1	1	1	1	1	1	1

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the 2016/17
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 14MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NW392 Naledi (Nw) - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
Governance and administration		**82 447**	**147 109**	**104 635**	**125 973**	**125 973**	**125 973**	**131 976**	**124 328**	**131 913**
Executive and council		19 356	57 716	1 605	10 000	10 000	10 000	10 000	–	–
Budget and treasury office		62 313	88 508	102 274	110 851	110 851	110 851	116 874	123 689	131 236
Corporate services		778	885	755	5 122	5 122	5 122	5 102	639	677
Community and public safety		**16 261**	**18 308**	**15 376**	**12 905**	**12 905**	**12 905**	**10 530**	**11 150**	**11 776**
Community and social services		1 546	2 133	4 638	2 195	2 195	2 195	2 841	2 984	3 129
Sport and recreation		924	1 501	703	1 498	1 498	1 498	272	289	306
Public safety		13 789	14 664	9 494	9 206	9 206	9 206	7 412	7 872	8 336
Housing		2	10	541	5	5	5	5	5	6
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**25 381**	**14 196**	**59 048**	**16 892**	**16 892**	**16 892**	**34 364**	**17 901**	**18 699**
Planning and development		839	401	298	348	348	348	576	612	648
Road transport		24 542	13 794	58 750	16 544	16 544	16 544	33 788	17 289	18 051
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**140 418**	**149 381**	**183 674**	**231 483**	**231 483**	**231 483**	**237 616**	**240 232**	**252 874**
Electricity		89 488	96 552	130 895	168 957	168 957	168 957	159 560	159 337	167 207
Water		21 850	22 605	20 881	31 160	31 160	31 160	40 515	43 027	45 565
Waste water management		15 092	14 766	16 107	15 019	15 019	15 019	18 529	19 678	20 839
Waste management		13 987	15 458	15 791	16 347	16 347	16 347	19 012	18 190	19 263
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Standard	2	**264 507**	**328 994**	**362 733**	**387 252**	**387 252**	**387 252**	**414 486**	**393 610**	**415 263**
Expenditure - Standard										
Governance and administration		**83 184**	**92 184**	**410 590**	**105 916**	**105 916**	**105 916**	**87 017**	**83 623**	**88 479**
Executive and council		21 302	24 035	323 485	25 494	25 494	25 494	27 912	23 375	24 696
Budget and treasury office		47 350	47 000	58 214	51 111	51 111	51 111	30 481	31 206	33 047
Corporate services		14 532	21 149	28 890	29 312	29 312	29 312	28 625	29 042	30 735
Community and public safety		**41 835**	**45 098**	**51 181**	**53 010**	**53 010**	**53 010**	**57 778**	**59 335**	**62 805**
Community and social services		14 716	12 817	11 155	12 328	12 328	12 328	13 918	13 995	14 820
Sport and recreation		6 189	7 163	10 994	10 741	10 741	10 741	11 465	11 050	11 671
Public safety		19 201	25 079	29 021	29 937	29 937	29 937	32 385	34 280	36 303
Housing		1 728	39	10	4	4	4	10	11	11
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**85 281**	**83 886**	**79 001**	**74 004**	**74 004**	**74 004**	**97 858**	**93 590**	**93 375**
Planning and development		425	955	3 075	3 910	3 910	3 910	4 761	4 869	5 127
Road transport		84 856	82 930	75 926	70 093	70 093	70 093	93 096	88 721	88 249
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**138 622**	**150 712**	**145 690**	**170 488**	**170 488**	**170 488**	**161 444**	**156 709**	**165 896**
Electricity		74 727	72 398	82 441	111 555	111 555	111 555	102 940	99 842	105 674
Water		41 400	49 977	31 519	29 409	29 409	29 409	24 603	25 576	27 085
Waste water management		8 786	10 344	12 209	11 257	11 257	11 257	14 798	13 591	14 393
Waste management		13 710	17 994	19 520	18 266	18 266	18 266	19 103	17 699	18 744
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Standard	3	**348 923**	**371 880**	**686 461**	**403 418**	**403 418**	**403 418**	**404 098**	**393 258**	**410 556**
Surplus/(Deficit) for the year		**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 15MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NW392 Naledi (Nw) - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVIC		778	885	755	5 122	5 122	5 122	5 102	639	677
Vote 2 - FINANCE MANAGEMENT SERVICES		62 313	88 508	102 274	110 851	110 851	110 851	116 874	123 689	131 236
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		30 248	33 766	31 167	29 252	29 252	29 252	29 542	29 340	31 040
Vote 4 - TECHNICAL SERVICES		151 812	148 119	226 931	232 027	232 027	232 027	252 968	239 942	252 310
Vote 5 - MUNICIPAL MANAGER		19 356	57 716	1 605	10 000	10 000	10 000	10 000	–	–
Vote 6 - ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**264 507**	**328 994**	**362 733**	**387 252**	**387 252**	**387 252**	**414 486**	**393 610**	**415 263**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVIC		14 532	21 149	28 890	29 312	29 312	29 312	28 625	29 042	30 735
Vote 2 - FINANCE MANAGEMENT SERVICES		47 350	47 000	58 214	51 111	51 111	51 111	30 481	31 206	33 047
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		55 546	63 092	70 701	71 277	71 277	71 277	76 882	77 035	81 549
Vote 4 - TECHNICAL SERVICES		210 193	216 604	205 171	226 225	226 225	226 225	236 603	228 969	236 712
Vote 5 - MUNICIPAL MANAGER		21 302	24 035	323 485	25 494	25 494	25 494	27 912	23 375	24 696
Vote 6 - ECONOMIC DEVELOPMENT		–	–	–	–	–	–	3 596	3 631	3 816
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**348 923**	**371 880**	**686 461**	**403 418**	**403 418**	**403 418**	**404 098**	**393 258**	**410 556**
Surplus/(Deficit) for the year	2	**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Trading services										
Electricity										
Total operating revenue		89 488	96 552	130 895	168 957	168 957	168 957	159 560	159 337	167 207
Total operating expenditure		74 727	72 398	82 441	111 555	111 555	111 555	102 940	99 842	105 674
		14 761	**24 154**	**48 453**	**57 401**	**57 401**	**57 401**	**56 620**	**59 495**	**61 533**
Water										
Total operating revenue		21 850	22 605	20 881	31 160	31 160	31 160	40 515	43 027	45 565
Total operating expenditure		41 400	49 977	31 519	29 409	29 409	29 409	24 603	25 576	27 085
		(19 550)	**(27 371)**	**(10 638)**	**1 751**	**1 751**	**1 751**	**15 911**	**17 450**	**18 480**
Waste water management										
Total operating revenue		15 092	14 766	16 107	15 019	15 019	15 019	18 529	19 678	20 839
Total operating expenditure		8 786	10 344	12 209	11 257	11 257	11 257	14 798	13 591	14 393
		6 307	**4 422**	**3 898**	**3 761**	**3 761**	**3 761**	**3 731**	**6 087**	**6 446**
Waste management										
Total operating revenue		13 987	15 458	15 791	16 347	16 347	16 347	19 012	18 190	19 263
Total operating expenditure		13 710	17 994	19 520	18 266	18 266	18 266	19 103	17 699	18 744
		277	**(2 536)**	**(3 729)**	**(1 919)**	**(1 919)**	**(1 919)**	**(91)**	**491**	**520**

2. The electricity trading surplus is improving in the 2016/17MTREF to R56,6 million. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The water trading will have a surplus in the 2016/17MTREF OF R15,9 million, and continue to improve in 2017/18 and 2018/19.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services*.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NW392 Naledi (Nw) - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	27 872	29 587	34 342	41 249	41 249	41 249	41 249	45 195	47 997	50 828
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	77 554	83 529	97 549	148 847	148 847	148 847	148 847	141 493	150 266	159 132
Service charges - water revenue	2	21 733	22 480	13 707	20 910	20 910	20 910	20 910	30 356	32 238	34 140
Service charges - sanitation revenue	2	14 049	13 969	14 439	14 919	14 919	14 919	14 919	18 480	19 626	20 784
Service charges - refuse revenue	2	13 987	13 670	14 258	14 471	14 471	14 471	14 471	17 128	18 190	19 263
Service charges - other											
Rental of facilities and equipment		1 065	1 116	738	1 098	1 098	1 098	1 098	944	1 003	1 062
Interest earned - external investments		593	575	235	200	200	200	200	308	327	346
Interest earned - outstanding debtors		9 998	11 406	13 504	15 000	15 000	15 000	15 000	16 200	17 204	18 219
Dividends received											
Fines		403	1 855	1 481	2 501	2 501	2 501	2 501	933	991	1 049
Licences and permits		5 478	5 872	6 935	6 420	6 420	6 420	6 420	5 978	6 349	6 723
Agency services		–	–	–	–	–	–	–			
Transfers recognised - operational		59 147	55 907	63 628	66 554	66 554	66 554	66 554	67 240	68 944	73 230
Other revenue	2	4 410	41 697	5 226	4 040	4 040	4 040	4 040	3 942	4 187	4 434
Gains on disposal of PPE		4 960	–	2 276	10 000	10 000	10 000	10 000	10 000		
Total Revenue (excluding capital transfers and contributions)		**241 251**	**281 662**	**268 317**	**346 208**	**346 208**	**346 208**	**346 208**	**358 198**	**367 321**	**389 212**
Expenditure By Type											
Employee related costs	2	90 125	118 342	140 489	148 418	148 418	148 418	148 418	160 409	170 355	180 406
Remuneration of councillors		4 682	5 856	6 288	6 454	6 454	6 454	6 454	7 202	7 649	8 100
Debt impairment	3	49 705	40 925	30 068	19 089	19 089	19 089	19 089	20 650	15 877	16 814
Depreciation & asset impairment	2	46 012	48 635	51 423	48 500	48 500	48 500	48 500	49 370	49 370	49 370
Finance charges		14 640	16 785	22 127	21 938	21 938	21 938	21 938	2	2	2
Bulk purchases	2	67 493	72 911	82 316	94 538	94 538	94 538	94 538	95 053	100 947	106 902
Other materials	8	16 702	12 834	8 187	25 968	25 968	25 968	25 968	31 934	23 973	22 483
Contracted services		30 035	16 692	12 476	14 680	14 680	14 680	14 680	16 619	2 506	2 654
Transfers and grants		1 688	599	7 764	1 120	1 120	1 120	1 120	1 107	771	787
Other expenditure	4, 5	26 911	28 736	26 973	22 713	22 713	22 713	22 713	21 752	21 810	23 038
Loss on disposal of PPE		930	9 565	298 350							
Total Expenditure		**348 923**	**371 880**	**686 461**	**403 418**	**403 418**	**403 418**	**403 418**	**404 098**	**393 258**	**410 556**
Surplus/(Deficit)		**(107 672)**	**(90 217)**	**(418 144)**	**(57 210)**	**(57 210)**	**(57 210)**	**(57 210)**	**(45 900)**	**(25 937)**	**(21 344)**
Transfers recognised - capital		23 256	26 007	64 508	41 044	41 044	41 044	41 044	56 288	26 289	26 051
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets			21 324	29 908							
Surplus/(Deficit) after capital transfers & contributions		**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**
Taxation											
Surplus/(Deficit) after taxation		**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**(84 416)**	**(42 886)**	**(323 728)**	**(16 166)**	**(16 166)**	**(16 166)**	**(16 166)**	**10 388**	**352**	**4 707**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R346.2 million in 2015/16 and escalates to R358.2 million by 2016/17.
2. Revenue to be generated from property rates is R41,2 million in the 2015/16financial year and increases to R45.2million by 2016/17which represents 12.6 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6.60 per cent, 6.20 per cent and 5.90 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R164.9million for the 2015/16financial year and increasing to R175.6million by 2016/17. For the 2015/16financial year services charges amount to 50.9 per cent of the total revenue base

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and the Dr Ruth Sekgomotsi District municipality.
5. Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R94.5million to R95.1million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Vaalharts.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NW392 Naledi (Nw) - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVIC		2 182	731	590	4 850	4 850	4 850	4 850	4 500	–	–
Vote 2 - FINANCE MANAGEMENT SERVICES		1 211	1 282	8	100	100	100	100	–	–	–
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		5 346	2 765	14 185	5 750	5 750	5 750	5 750	10 800	9 977	9 223
Vote 4 - TECHNICAL SERVICES		18 046	51 969	76 147	30 663	30 663	30 663	30 663	40 988	16 312	16 828
Vote 5 - MUNICIPAL MANAGER		377	171	301	–	–	–	–	–	–	–
Vote 6 - ECONOMIC DEVELOPMENT		27	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**27 188**	**56 918**	**91 231**	**41 363**	**41 363**	**41 363**	**41 363**	**56 288**	**26 289**	**26 051**
Single-year expenditure *to be appropriated*	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVIC		–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 6 - ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Vote		**27 188**	**56 918**	**91 231**	**41 363**	**41 363**	**41 363**	**41 363**	**56 288**	**26 289**	**26 051**
Capital Expenditure - Standard											
Governance and administration		**3 770**	**2 185**	**899**	**4 950**	**4 950**	**4 950**	**4 950**	**4 500**	**–**	**–**
Executive and council		377	171	301							
Budget and treasury office		1 211	1 282	8	100	100	100	100			
Corporate services		2 182	731	590	4 850	4 850	4 850	4 850	4 500		
Community and public safety		**699**	**2 498**	**14 184**	**4 950**	**4 950**	**4 950**	**4 950**	**10 550**	**9 977**	**1 523**
Community and social services		149	302	105	4 950	4 950	4 950	4 950	4 930	5 500	
Sport and recreation		265	2 168	13 368					5 620	4 477	1 523
Public safety		282	25	710							
Housing		2	3								
Health											
Economic and environmental services		**14 037**	**24 484**	**41 292**	**10 663**	**10 663**	**10 663**	**10 663**	**19 988**	**7 312**	**8 828**
Planning and development		27									
Road transport		14 010	24 484	41 292	10 663	10 663	10 663	10 663	19 988	7 312	8 828
Environmental protection											
Trading services		**8 682**	**27 752**	**34 857**	**20 800**	**20 800**	**20 800**	**20 800**	**21 250**	**9 000**	**15 700**
Electricity		3 638	25 758	34 779	20 000	20 000	20 000	20 000	21 000	9 000	8 000
Water		355	952	69							
Waste water management		43	775	7							
Waste management		4 647	266	1	800	800	800	800	250		7 700
Other											
Total Capital Expenditure - Standard	3	**27 188**	**56 918**	**91 231**	**41 363**	**41 363**	**41 363**	**41 363**	**56 288**	**26 289**	**26 051**
Funded by:											
National Government		17 319	25 414	54 244	36 413	36 413	36 413	36 413	51 788	26 289	26 051
Provincial Government											
District Municipality			15 326	12 096	4 500	4 500	4 500	4 500	4 500		
Other transfers and grants											
Transfers recognised - capital	4	**17 319**	**40 740**	**66 340**	**40 913**	**40 913**	**40 913**	**40 913**	**56 288**	**26 289**	**26 051**
Public contributions & donations	5		8 216	18 512							
Borrowing	6										
Internally generated funds		9 869	7 963	6 379	450	450	450	450			
Total Capital Funding	7	**27 188**	**56 918**	**91 231**	**41 363**	**41 363**	**41 363**	**41 363**	**56 288**	**26 289**	**26 051**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget appropriations, for 2016/17 amounts toR56.3 million.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from national and District municipality's grants. For 2016/17, capital transfers totals R56,3 million (100 per cent) grant funded.

Table 19 MBRR Table A6 - Budgeted Financial Position

NW392 Naledi (Nw) - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		139	13	40	14	14	14	14	15	16	16
Call investment deposits	1	5 940	1 446	1 245	13 739	13 739	13 739	13 739	10 657	11 317	11 985
Consumer debtors	1	25 762	25 408	20 690	34 992	34 992	34 992	34 992	49 257	52 311	55 397
Other debtors		14 485	21 114	31 003	23 754	23 754	23 754	23 754	31 207	33 142	35 097
Current portion of long-term receivables											
Inventory	2	3 767	2 830	2 936	2 741	2 741	2 741	2 741	3 130	3 324	3 520
Total current assets		**50 092**	**50 812**	**55 913**	**75 240**	**75 240**	**75 240**	**75 240**	**94 265**	**100 109**	**106 015**
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	983 953	989 907	738 662	969 366	969 366	969 366	969 366	738 443	715 362	692 043
Agricultural											
Biological											
Intangible											
Other non-current assets		719	719	719	719	719	719	719	719	719	719
Total non current assets		**984 672**	**990 626**	**739 381**	**970 085**	**970 085**	**970 085**	**970 085**	**739 162**	**716 081**	**692 762**
TOTAL ASSETS		**1 034 764**	**1 041 438**	**795 295**	**1 045 326**	**1 045 326**	**1 045 326**	**1 045 326**	**833 427**	**816 190**	**798 778**
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	30 865	31 771	32 148	31 649	31 649	31 649	31 649	33 631	35 716	37 823
Consumer deposits		3 579	3 880	5 647	4 287	4 287	4 287	4 287	6 076	6 453	6 834
Trade and other payables	4	183 101	260 860	324 342	118 472	118 472	118 472	118 472	396 688	421 283	446 139
Provisions		10 035	6 062	9 013	9 145	9 145	9 145	9 145	9 608	10 204	10 806
Total current liabilities		**227 580**	**302 573**	**371 150**	**163 553**	**163 553**	**163 553**	**163 553**	**446 003**	**473 655**	**501 601**
Non current liabilities											
Borrowing		524	302	450	694	694	694	694	479	509	539
Provisions		103 236	75 976	85 607	114 899	114 899	114 899	114 899	122 483	130 077	137 751
Total non current liabilities		**103 760**	**76 278**	**86 057**	**115 593**	**115 593**	**115 593**	**115 593**	**122 962**	**130 586**	**138 290**
TOTAL LIABILITIES		**331 340**	**378 851**	**457 207**	**279 145**	**279 145**	**279 145**	**279 145**	**568 965**	**604 241**	**639 891**
NET ASSETS	5	**703 424**	**662 587**	**338 088**	**766 180**	**766 180**	**766 180**	**766 180**	**264 462**	**211 949**	**158 886**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		701 576	659 790	336 390	764 124	764 124	764 124	764 124	262 652	210 028	156 851
Reserves	4	1 847	2 797	1 697	2 056	2 056	2 056	2 056	1 809	1 922	2 035
TOTAL COMMUNITY WEALTH/EQUITY	5	**703 424**	**662 587**	**338 088**	**766 180**	**766 180**	**766 180**	**766 180**	**264 462**	**211 949**	**158 886**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
    - Call investments deposits;
    - Consumer debtors;
    - Property, plant and equipment;
    - Trade and other payables;
    - Provisions non-current;
    - Changes in net assets; and

- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20MBRR Table A7 - Budgeted Cash Flow Statement

NW392 Naledi (Nw) - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		17 769	18 190	43 581	41 249	41 249	41 249	7 029	41 929	44 962	46 320
Service charges		126 078	156 083	141 513	170 784	170 784	170 784	104 380	190 745	208 235	221 448
Other revenue		12 048	21 525	(34 936)	14 059	14 059	14 059	4 573	11 798	12 529	13 268
Government - operating	1	59 147	55 907	63 628	66 554	66 554	66 554	36 927	67 240	68 944	73 230
Government - capital	1	23 256	26 007	64 508	41 044	41 044	41 044	31 936	56 288	26 289	26 051
Interest		10 592	11 981	13 739	5 200	5 200	5 200	87	16 508	17 531	18 566
Dividends									–	–	–
Payments											
Suppliers and employees		(212 829)	(243 858)	(204 049)	(338 070)	(338 070)	(338 070)	(193 442)	(348 639)	(354 239)	(376 583)
Finance charges		(12 962)	(15 974)	(22 127)	(21 938)	(21 938)	(21 938)	(11 817)	(2)	(2)	(2)
Transfers and Grants	1	(1 688)	(599)	(7 764)	(1 120)	(1 120)	(1 120)	(347)	(1 107)	(771)	(787)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**21 411**	**29 262**	**58 092**	**(22 239)**	**(22 239)**	**(22 239)**	**(20 673)**	**34 760**	**23 479**	**21 511**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 641	1 500	2 160	10 000	10 000	10 000		10 000	–	–
Decrease (Increase) in non-current debtors					60 614	60 614	60 614	32 973	15 800	7 167	8 574
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(26 251)	(35 382)	(59 695)	(41 363)	(41 363)	(41 363)	(9 582)	(56 288)	(26 289)	(26 051)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(24 610)**	**(33 882)**	**(57 535)**	**29 251**	**29 251**	**29 251**	**23 390**	**(30 488)**	**(19 122)**	**(17 477)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing				(731)	(4 386)	(4 386)	(4 386)	(600)	(3 600)	(3 600)	(3 600)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**(731)**	**(4 386)**	**(4 386)**	**(4 386)**	**(600)**	**(3 600)**	**(3 600)**	**(3 600)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(3 199)**	**(4 620)**	**(174)**	**2 626**	**2 626**	**2 626**	**2 117**	**672**	**757**	**434**
Cash/cash equivalents at the year begin:	2	**9 278**	**6 079**	**1 459**	**1 331**	**1 331**	**1 331**	**1 285**	**1 285**	**1 957**	**2 714**
Cash/cash equivalents at the year end:	2	**6 079**	**1 459**	**1 285**	**3 957**	**3 957**	**3 957**	**3 402**	**1 957**	**2 714**	**3 148**

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NW392 Naledi (Nw) - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	6 079	1 459	1 285	3 957	3 957	3 957	3 402	1 957	2 714	3 148
Other current investments > 90 days		(0)	0	(0)	9 796	9 796	9 796	10 351	8 714	8 619	8 854
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**6 079**	**1 459**	**1 285**	**13 753**	**13 753**	**13 753**	**13 753**	**10 671**	**11 333**	**12 002**
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	147 563	220 408	285 950	69 180	69 180	69 180	93 186	326 597	345 098	365 565
Other provisions		10 035	6 062	9 013	9 145	9 145	9 145	9 145	9 608	10 204	10 806
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**157 598**	**226 470**	**294 963**	**78 325**	**78 325**	**78 325**	**102 331**	**336 205**	**355 302**	**376 370**
Surplus(shortfall)		**(151 519)**	**(225 011)**	**(293 678)**	**(64 572)**	**(64 572)**	**(64 572)**	**(88 578)**	**(325 534)**	**(343 969)**	**(364 369)**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 22 MBRR Table A9 - Asset Management

NW392 Naledi (Nw) - Table A9 Consolidated Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE										
Total New Assets	1	**14 594**	**31 441**	**36 013**	**26 700**	**26 700**	**26 700**	**28 550**	**18 977**	**17 223**
Infrastructure - Road transport		1 405	–	–	–	–	–	–	–	–
Infrastructure - Electricity		2 993	23 376	20 189	15 000	15 000	15 000	21 000	9 000	8 000
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		1 920	–	–	800	800	800	250	–	7 700
Infrastructure		*6 318*	*23 376*	*20 189*	*15 800*	*15 800*	*15 800*	*21 250*	*9 000*	*15 700*
Community		–	–	–	950	950	950	2 800	9 977	1 523
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	8 276	8 065	15 824	9 950	9 950	9 950	4 500	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	**12 594**	**25 478**	**55 219**	**14 663**	**14 663**	**14 663**	**27 738**	**7 312**	**8 828**
Infrastructure - Road transport		10 356	20 978	36 179	10 663	10 663	10 663	19 988	7 312	8 828
Infrastructure - Electricity		645	2 109	5 892	–	–	–	–	–	–
Infrastructure - Water		–	942	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		1 592	250	–	–	–	–	–	–	–
Infrastructure		*12 594*	*24 279*	*42 071*	*10 663*	*10 663*	*10 663*	*19 988*	*7 312*	*8 828*
Community		–	1 199	13 148	4 000	4 000	4 000	7 750	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		11 761	20 978	36 179	10 663	10 663	10 663	19 988	7 312	8 828
Infrastructure - Electricity		3 638	25 484	26 081	15 000	15 000	15 000	21 000	9 000	8 000
Infrastructure - Water		–	942	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		3 512	250	–	800	800	800	250	–	7 700
Infrastructure		*18 912*	*47 655*	*62 260*	*26 463*	*26 463*	*26 463*	*41 238*	*16 312*	*24 528*
Community		–	1 199	13 148	4 950	4 950	4 950	10 550	9 977	1 523
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		8 276	8 065	15 824	9 950	9 950	9 950	4 500	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	**27 188**	**56 918**	**91 231**	**41 363**	**41 363**	**41 363**	**56 288**	**26 289**	**26 051**
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		510 137	542 704	271 480	487 602	487 602	487 602	248 916	229 186	210 971
Infrastructure - Electricity		207 771	224 929	230 807	230 471	230 471	230 471	248 817	249 822	248 827
Infrastructure - Water		13	956		10	10	10	9	8	7
Infrastructure - Sanitation		12 938	14 650	13 065	12 273	12 273	12 273	11 481	10 688	9 896
Infrastructure - Other		144 567	108 840	114 442	116 791	116 791	116 791	115 492	115 742	123 442
Infrastructure		*875 427*	*892 080*	*629 795*	*847 148*	*847 148*	*847 148*	*624 716*	*605 447*	*593 144*
Community		44 025	43 195	60 601	58 841	58 841	58 841	68 349	73 199	70 846
Heritage assets		719	719	719	719	719	719	719	719	719
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		63 782	53 909	47 546	62 658	62 658	62 658	45 379	36 716	28 054
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV	5	**983 953**	**989 903**	**738 662**	**969 366**	**969 366**	**969 366**	**739 162**	**716 081**	**692 762**
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		46 012	48 635	51 423	48 500	48 500	48 500	49 370	49 370	49 370
Repairs and Maintenance by Asset Class	3	16 702	12 834	8 187	25 968	25 968	25 968	31 934	23 973	22 483
Infrastructure - Road transport		–	7 542	4 856	13 000	13 000	13 000	24 657	21 617	20 047
Infrastructure - Electricity		–	273	1 340	4 000	4 000	4 000	4 000	1 000	1 000
Infrastructure - Water		–	511	359	7 079	7 079	7 079	350	372	394
Infrastructure - Sanitation		–	47	19	275	275	275	2 000	–	–
Infrastructure - Other		–	3	3	1	1	1	60	64	67
Infrastructure		–	*8 376*	*6 578*	*24 354*	*24 354*	*24 354*	*31 067*	*23 053*	*21 508*
Community		–	27	8	108	108	108	93	99	105
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	16 702	4 431	1 600	1 506	1 506	1 506	774	821	870
TOTAL EXPENDITURE OTHER ITEMS		**62 715**	**61 469**	**59 610**	**74 468**	**74 468**	**74 468**	**81 304**	**73 343**	**71 853**
Renewal of Existing Assets as % of total capex		*46.3%*	*44.8%*	*60.5%*	*35.4%*	*35.4%*	*35.4%*	*49.3%*	*27.8%*	*33.9%*
Renewal of Existing Assets as % of deprecn"		*27.4%*	*52.4%*	*107.4%*	*30.2%*	*30.2%*	*30.2%*	*56.2%*	*14.8%*	*17.9%*
R&M as a % of PPE		*1.7%*	*1.3%*	*1.1%*	*2.7%*	*2.7%*	*2.7%*	*4.3%*	*3.4%*	*3.2%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

NW392 Naledi (Nw) - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		9 380	11 300	11 300	13 300	13 300	13 300	15 300	17 300	17 300
Piped water inside yard (but not in dwelling)		240	240	240	240	240	240	240	240	240
Using public tap (at least min.service level)	2	1 435	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
Other water supply (at least min.service level)	4	43	100	600	600	600	600	600	600	600
Minimum Service Level and Above sub-total		11 098	13 340	13 840	15 840	15 840	15 840	17 840	19 840	19 840
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**11 098**	**13 340**	**13 840**	**15 840**	**15 840**	**15 840**	**17 840**	**19 840**	**19 840**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		10 713	13 000	13 000	15 000	15 000	15 000	15 000	15 000	15 000
Flush toilet (with septic tank)		400	420	420	420	420	420	420	420	420
Chemical toilet			–	–						
Pit toilet (ventilated)		1 435	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600
Other toilet provisions (> min.service level)		68	–	–						
Minimum Service Level and Above sub-total		12 616	15 020	15 020	17 020	17 020	17 020	17 020	17 020	17 020
Bucket toilet		145								
Other toilet provisions (< min.service level)										
No toilet provisions		43								
Below Minimum Service Level sub-total		188	–	–	–	–	–	–	–	–
Total number of households	5	**12 804**	**15 020**	**15 020**	**17 020**	**17 020**	**17 020**	**17 020**	**17 020**	**17 020**
Energy:										
Electricity (at least min.service level)		5 732	4 000	13 000	15 000	15 000	15 000	17 000	19 000	19 000
Electricity - prepaid (min.service level)		5 100	4 500	4 500	5 500	5 500	5 500	6 500	7 500	7 500
Minimum Service Level and Above sub-total		10 832	8 500	17 500	20 500	20 500	20 500	23 500	26 500	26 500
Electricity (< min.service level)		3 900	4 800	4 800	4 800	4 800	4 800	4 800	4 800	4 800
Electricity - prepaid (< min. service level)		3 600	3 900	3 900	3 900	3 900	3 900	3 900	3 900	3 900
Other energy sources										
Below Minimum Service Level sub-total		7 500	8 700	8 700	8 700	8 700	8 700	8 700	8 700	8 700
Total number of households	5	**18 332**	**17 200**	**26 200**	**29 200**	**29 200**	**29 200**	**32 200**	**35 200**	**35 200**
Refuse:										

Removed at least once a week		10 651	10 651	10 651	12 651	12 651	12 651	12 651	12 651	12 651
Minimum Service Level and Above sub-total		10 651	10 651	10 651	12 651	12 651	12 651	12 651	12 651	12 651
Removed less frequently than once a week										
Using communal refuse dump		790	790	790	790	790	790	790	790	790
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		790	790	790	790	790	790	790	790	790
Total number of households	5	**11 441**	**11 441**	**11 441**	**13 441**	**13 441**	**13 441**	**13 441**	**13 441**	**13 441**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Sanitation (free minimum level service)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Electricity/other energy (50kwh per household per month)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Refuse (removed at least once a week)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		180	80	165	9 012	9 012	9 012	9 544	10 107	10 673
Sanitation (free sanitation service)		816	364	751	3 636	3 636	3 636	3 796	3 850	4 062
Electricity/other energy (50kwh per household per month)		292	238	788	862	820	820	870	922	973
Refuse (removed once a week)		753	343	708	3 720	3 720	3 720	3 899	4 129	4 373
Total cost of FBS provided (minimum social package)		**2 040**	**1 025**	**2 412**	**17 231**	**17 189**	**17 189**	**18 109**	**19 009**	**20 082**
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		135	158	167	177	177	177	177	186	196
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		85	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		20	20	20	20	20	20	20	20	20
Property rates (other exemptions, reductions and rebates)										
Water		180	80	165	514	514	514	6 974	7 386	7 799
Sanitation		816	364	1 251	1 240	1 240	1 240	3 932	4 164	4 397
Electricity/other energy		292	238	288	4 271	4 271	4 271	5 315	5 231	5 701
Refuse		753	343	708	1 170	1 170	1 170	5 482	5 806	6 148
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									

Other										
Total revenue cost of free services provided (total social package)		**2 060**	**1 045**	**2 432**	**7 215**	**7 215**	**7 215**	**21 724**	**22 607**	**24 066**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels (below minimum service level), for each of the main services.